

VZCZCXRO0753
RR RUEHBI RUEHCI
DE RUEHCG #0611 2710956
ZNR UUUUU ZZH
R 280956Z SEP 07
FM AMCONSUL CHENNAI
TO RUEHC/SECSTATE WASHDC 1257
INFO RUEHNE/AMEMBASSY NEW DELHI 2802
RUEHCI/AMCONSUL KOLKATA 0842
RUEHBI/AMCONSUL MUMBAI 5112
RUEHLM/AMEMBASSY COLOMBO 1361

UNCLAS CHENNAI 000611

SIPDIS

SENSITIVE

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E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [IN](#)

SUBJECT: TENSIONS RISE IN BANGALORE AS HANDOVER DEADLINE
APPROACHES

REF: 06 CHENNAI 163

¶1. (SBU) Summary: The south Indian state of Karnataka (and its capital, Bangalore) appears set for several months of political turmoil, which may help Congress gain more than a dozen seats if national parliamentary elections are held in 2008. The ruling BJP-Janata Dal (Secular) coalition is crumbling, with a major rupture possible soon if -- as appears likely -- the JD(S) Chief Minister refuses to hand over his position to his BJP Deputy on October 3 as required by the coalition agreement. Elections for local offices scheduled for September 28 will only increase tension within the coalition and discredit its members, leaving Congress as voters' most likely choice in a possible 2008 Lok Sabha election. End Summary.

To hand over, or not

¶2. (SBU) With many observers predicting that national parliamentary elections could occur in 2008, the most recent political rumblings in Karnataka threaten to discredit the state's ruling coalition and place a significant proportion of its 28 parliamentary seats in New Delhi into the hands of Congress and its allies. Currently ruled by a JD(S)-BJP coalition, the JD(S) Chief Minister (CM) should -- according to the coalition agreement -- hand over the CM's reigns to the BJP Deputy CM on October 3.

¶3. (SBU) Rumors have long swirled that the CM may not honor this agreement, which could force state elections by early 2008. The inability of the two parties to reach an agreement respecting each other's turf for the September 28 local elections has only strengthened these rumors. Clashing business interests between leading JD(S) and BJP families also play a factor. One of the CM's top aides told us "the decision (to not hand over the CM's chair) has already been made," but said that the CM was very reluctant to renege on his promise to hand over the office and was looking for a face-saving alternative. A senior BJP official told Embassy New Delhi, however, that he was confident that his party and the JD(S) would work out their differences and that the transfer of power would occur as scheduled.

The BJP's first taste of power in the South

¶4. (U) Karnata's JD(S)-BJP coalition is significant because its formation in 2006 marked the first time that the BJP formed part of a ruling coalition in a south Indian state (reftel). The JD(S)-BJP coalition cobbled itself together following the collapse of a Congress-led coalition in January 2006, following the defection of a group of JD(S) members. At the time, several of our contacts predicted that the coalition was unlikely to last a year, and certainly not until the next scheduled state elections in 2009.

How the parties rate their chances

¶5. (SBU) Local BJP officials have told us that the state party is split, with one faction supporting the coalition with JD(S) and the other seeking an independent approach. One told us that the BJP "might" be able to win 10 seats in Karnataka in a 2008 national election; another said that the party would be lucky to get three. (Currently, the BJP has 16 of Karnataka's seats in the Lok Sabha, Congress 9, JD(S) 2, and the Samajwadi Party 1).

¶6. (SBU) The local Congress branch is happy to adopt a wait-and-see approach while the coalition's members discredit themselves with their inability to act like partners. One prominent Congress politician told us that the party's national leadership believes that it will win a clear majority of Karnataka's seats in a 2008 national election. Another cautioned, however, that infighting among Congress factions has already started, as they see what looks to be a sizable number of seats available for the taking.

Comment

¶7. (SBU) The tensions within the coalition will not go away anytime soon. If the JD(S) does unexpectedly well in the September 28 local elections, it may hand the CM position to the BJP, but it will intentionally make life hard for the new CM, confident that a snap call for statewide elections will give it more seats. If the JD(S) does not do well in the September 28 elections, it will try to hold on to the CM's position at all costs. Either choice will only increase coalition tensions, and enhance Congress's chances in Karnataka if a national poll happens in 2008.

HOPPER